

## AZERBAIJAN

**Capital:** Baku

**GDP per capita (PPP):** \$3,000 (2000 est.)

**Population:** 7,771,092 (July 2001 est.)

**Foreign Direct Investment:** \$500,000,000

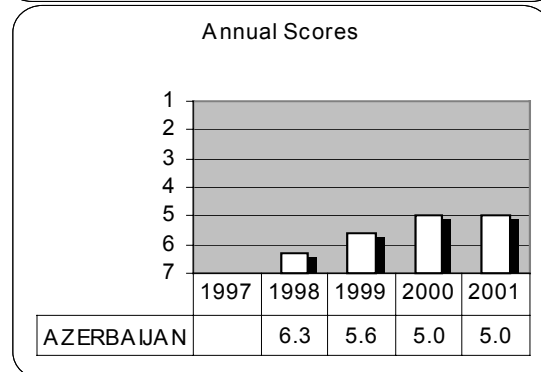
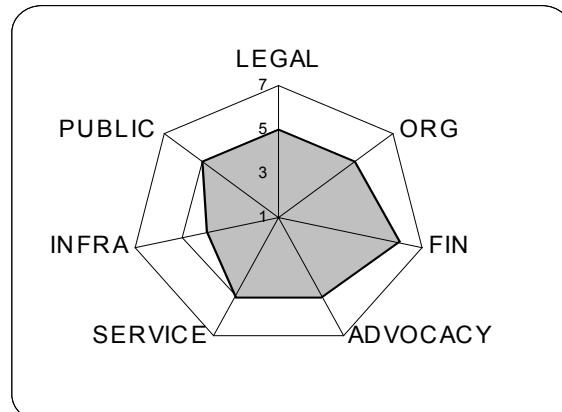
**Inflation:** 1.8% (2000 est.)

**Unemployment:** 20% (1999 est.)

### OVERALL DESCRIPTION: 4.9

Approximately 350 NGOs and unregistered initiative groups operate in Azerbaijan in areas including children and youth, health, gender, environment, human rights, humanitarian issues, migration, arts and culture, and others. Due to the adverse legal environment in the country, many NGOs are unable to register.

NGOs in Azerbaijan have become adept at implementing programs largely defined by the international community. Azeri NGOs lack institutional capacity in areas such as: strategic planning, internal management structures, staffing, technical resource availability, advocacy, constituency building and outreach. Although numerous international organizations provide training to NGOs, there is little intensive technical assistance available to the sector to ensure effective implementation of lessons learned.



Although several new NGO laws have been passed recently, this has provided little benefit or relief to the sector. Registration remains problematic, NGOs are banned from implementing political activities, and the government can disband an NGO perceived to be trespassing into the political arena.

The NGO sector as a whole faces a lack of understanding about the role of NGOs in society and, often, outright opposition from government agencies, the media and the public. NGOs resist coalition building and information sharing unless pressured by the donor community, as they lack an understanding of the benefits of doing so.

Despite these setbacks, there is reason for optimism. Baku-based NGOs have begun to open branch offices outside the capital city; NGOs outside of Baku are increasing in number and strength; a few of the larger NGOs are beginning to incorporate strategic, financial, and organizational planning into their operations; and NGOs are beginning to promote their activities more widely.

### LEGAL ENVIRONMENT: 5.0

---

NGOs are still required to register under the 1996 Law on the Registration of Legal Entities, although new registration procedures are included in a draft law that is expected to pass this year under pressure from the Council of Europe. Nonetheless, the proposed registration process is still problematic. For example, the draft law requires all NGOs to register with the Ministry of Justice in Baku and does not set any time limits within which applications must be processed.

According to the law, NGOs can operate freely in Azerbaijan. However, the law is vague and open to interpretation, which allows the government to interfere in or disrupt NGO activities and/or operations. Frequent “monitoring” of NGO activities, offices, and financial records, especially by the local tax authorities, is common. NGOs are generally hesitant to directly criticize the government for such actions for fear of reprisal.

A growing number of local lawyers offer

free legal services to the NGO community in Baku and, to a lesser extent, rural areas. Such services are generally provided as a part of a grant program sponsored by an international donor.

According to the Law on Grants, NGOs are exempt from all taxes with the exception of income taxes on staff salaries. However, NGOs are still subject to harassment from tax officials who are either unaware of these regulations or simply choose to ignore them. Tax regulations do not promote philanthropy or provide mechanisms for in-kind or monetary contributions to be made to NGOs by either individual or corporate donors. In the past, the Tax Ministry has been used to shut down unwanted NGOs.

The NGO law does not ban organizations from competing for contracts or earning income. However, earned income is taxed at the same rate for a for-profit organization.

### ORGANIZATIONAL CAPACITY: 5.0

---

Most registered organizations have written mission statements, as required by the Ministry of Justice. However, NGOs do not always closely follow their missions. Azeri NGOs have little knowledge of the benefits of constituency building. NGOs show little commitment to their stated beneficiaries, often changing their programs in response to donor trends.

With few exceptions, NGOs in Azerbaijan do not have a clear understanding of strategic planning. However, in the past year, a small number of NGOs have begun to carry out longer term planning.

A few of the more advanced organizations maintain some full-time permanent staff, but the majority of NGOs in Azerbaijan work on a project-to-project basis. Most NGO staff are volunteers trying to gain experience, use their free time usefully, or make necessary connections for future job opportunities. The use of volunteers remains unstructured, with many NGOs utilizing friends or relatives when volunteers are needed. Most of the population in Azerbaijan remains unaware of the role of NGOs and therefore have not yet been successfully tapped as potential volunteers.

Few NGOs have computers, fax machines, or access to the Internet and e-mail. Most organizations can afford only outdated equipment or receive it from their donors. Organizations outside of Baku suffer the most in this regard, fac-

ing unreliable electricity supplies and poor telephone connections in addition to the lack of equipment. NGO resource centers play an important role in providing access for NGOs to office equipment, as well as Internet and e-mail communication.

### FINANCIAL VIABILITY: 6.0

---

As a result of the lack of tax incentives and the nascent stage of business development, local financial support of the NGO sector is rare. Most organizations receive funding primarily from international sources. While grants from international organizations remain the major financial source for Azerbaijani NGOs, leading organizations have begun to understand the importance of diversifying their funding, and have at least begun to pursue funding from multiple international sources.

Officially registered organizations are required to have a bank account and to be registered with the tax authorities. Additionally, international donors require basic budget development and financial reporting from their local recipients. Be-

yond these requirements, however, very few organizations have in place financial management systems or internal control mechanisms, or engage in financial planning.

For the most part, NGOs do not understand the concept of a non-profit organization charging clients for their services and therefore, as a general rule NGOs do not engage in income generating activities. However, there are some examples of local fundraising efforts by NGOs. For instance, the Center of Young Leaders organized an exhibition in February 2001, where pictures of refugee children were displayed for sale. Other organizations obtain income from publishing books, postcards, etc.

### ADVOCACY: 5.0

---

Direct communication between NGOs and the government is weak and limited by regulations that restrict NGO activity to non-political spheres. Most interactions between NGOs and the government are through limited personal contacts. Successful examples of political lobbying are rarely held in the public arena or where NGOs can be seen as criticizing the government. However, there are examples of NGO representatives participating in parliamentary working groups on NGO-related issues. For example, NGO participation led to amendments in the NGO law. Overall,

though, NGO influence in the legislative processes remains insufficient.

Although the NGO community is cautious about conducting high-profile advocacy campaigns for fear of being closed down for involvement in "political activities", there are examples of NGO involvement in policy advocacy initiatives. For example, a coalition of eight local NGOs is working together to amend the election law to allow NGOs to monitor elections. The NGO community also provided commentary on the draft Law on Registration of Legal Enti

## AZERBAIJAN

ties. Parliament is currently reviewing the law and has incorporated some of

the changes recommended by the NGO community.

### SERVICE PROVISION: 5.0

---

NGOs in Azerbaijan provide various services in such spheres as education, health, environment, human rights, income generation, economic development, voter education, etc., although NGOs are not allowed to work in certain areas (e.g., publishing textbooks for school children or in political activities). Also, activities in some service areas require special licenses that are difficult if not impossible to obtain, (e.g., for medical and legal services).

NGOs generally find themselves responding to donor requirements rather than needs of their communities, which do not always coincide. Few NGOs undertake community assessments when developing their program plans, although a few larger NGOs are beginning to incorporate such assessments when planning programs.

The vast majority of NGOs offer their services free of charge, as neither NGOs nor constituents are comfortable with the concept of NGOs charging for their services. NGOs also avoid charging for their services because of tax regulations.

In general, Government remains suspicious of NGOs and their activities, though a department within the Ministry of Culture was recently formed to oversee NGO activities and to explore opportunities for collaboration. This department, the Cultural Policy and International Integration, has drafted a document for the Ministry of Economy on areas of collaboration with the Third Sector and has organized NGO roundtables with members of the Council of Europe.

### INFRASTRUCTURE: 3.0

---

There are 14 NGO resource centers in Azerbaijan providing access to information, training and technical support for NGO community. Three of these centers are located in Baku, with the rest in regional locations. The centers are extremely dependent upon international funding and it is unclear what would happen to them should that funding end.

Most funding for the NGO community continues to come from international donor organizations. However, the Ministry of Youth, Sport and Tourism is providing limited financial support to NGOs, mainly those involved in youth-related activities.

NGO coalitions are beginning to take hold in Azerbaijan. Several sectoral coalitions have formed, and an NGO Forum and NGO Congress were created. Information sharing and collective advocacy are in the embryonic stages, as NGOs are just beginning to understand the benefits of collective representation.

Training courses are provided for NGOs on various topics, including management, finances, etc., with funding from international donors. Both the Initiative for Social Action and Renewal in Eurasia (ISAR) and the UN's NGO Forum have a core group of trainers skilled in a variety of topics. Training materials and programs are offered in both Russian

and Azeri. Training providers in Azerbaijan do not currently have the capacity to provide advanced technical assistance.

There is a growing understanding within

the NGO community of the importance of close working relationships with the government and the business sector. Cooperation is limited to non-political areas such as humanitarian or environmental activities.

### **PUBLIC IMAGE: 5.0**

---

While both government and independent media cover NGO activities, there is a clear difference in their attitudes towards NGOs. Government controlled media positively highlights activities of charitable and humanitarian organizations; political and election-related NGOs do not receive positive coverage. Coverage is based primarily on personal connections. Independent media outlets, on the other hand, are relatively more objective in their coverage of NGO activities.

Local NGOs do not work regularly with the press nor do they effectively publicize their activities. NGOs are beginning to place more emphasis on public relations as a result of donor pressure.

There have been several public awareness campaigns carried out by interna-

tional organizations that have contributed to growing public recognition and understanding of NGOs in Azerbaijan. However, the majority of the population either knows nothing about NGOs, or associates them with either business or politics. Most government officials continue to see NGOs as anti-governmental and a potential threat.

There is a limited understanding by the NGO sector of ethics and transparency. Azeri NGOs do not adhere to a Code of Ethics nor do they regularly disburse information about their accomplishments. It is unheard of for NGOs to disburse financial information in any format including annual reports.

Few training courses currently cover these topics, but there is a growing interest in addressing them.